



Linda S. Adams  
Secretary for  
Environmental  
Protection

# California Regional Water Quality Control Board

## Central Coast Region

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Arnold Schwarzenegger  
Governor

July 21, 2008

Ms. Susan Whalen  
Greka Oil & Gas, Inc.  
6527 Dominion Road  
Santa Maria, California 93454

**Certified Mail 7007 0710 0001 1013 4307**  
**Return Receipt Requested**

Mr. Randeep Grewal  
Greka Energy  
630 Fifth Avenue, Suite 1501  
New York, NY 10111

**Certified Mail 7007 0710 0001 1013 4314**  
**Return Receipt Requested**

Dear Ms. Whalen and Mr. Grewal:

### **NOTICE OF HEARING AND ISSUANCE OF ADMINISTRATIVE CIVIL LIABILITY COMPLAINT FOR FAILURE TO COMPLY WITH CLEANUP AND ABATEMENT ORDER NO. R3-2006-0054; GREKA OIL & GAS, INC., SANTA MARIA, SANTA BARBARA COUNTY**

In response to the failure of Greka Oil & Gas, Inc. (Greka) to comply with *Cleanup and Abatement Order No. R3-2006-0054, Issued to Greka Oil & Gas, Inc., for Casmalia, Cat Canyon, Santa Maria Valley, and Zaca Oilfields, Santa Barbara County* (CAO No. R3-2006-0054), the Assistant Executive Officer of the Central Coast Regional Water Quality Control Board (Central Coast Water Board) hereby issues the enclosed Administrative Civil Liability Complaint No. R3-2008-0063 (Complaint). Greka is still required to comply with CAO No. R3-2006-0054, and failure to comply could result in further penalties.

Pursuant to California Water Code section 13323, the Central Coast Water Board will hold a hearing on the Complaint no later than 90 days after it is served. If Greka elects to waive its right to a public hearing and agrees to pay the proposed liability, then an authorized agent of Greka must sign the attached waiver form, and return it to the Central Coast Water Board **no later than August 25, 2008**.

Alternatively, if you elect to proceed to hearing, it will occur on October 16-17, 2008, in Santa Barbara. At that time, the Central Coast Water Board will accept testimony and public comment and decide whether to affirm, reject, or modify the proposed liability, or whether to refer the matter for judicial civil action.

***California Environmental Protection Agency***



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Enclosed you will find a draft of the procedures I am recommending that the Central Coast Water Board follow in conducting the hearing. Please note that comments on these proposed procedures are **due by August 4, 2008**, to the Central Coast Water Board's advisory attorney, Frances McChesney (mailing address shown below).

If you have questions, please contact State Water Resources Control Board Office of Enforcement attorney, Cris Carrigan, at (916) 322-3626, Todd Stanley at (805) 542-4769, or Harvey Packard at (805) 542-4639.

Sincerely,



Michael J. Thomas  
Assistant Executive Officer

Enclosures: 1. Complaint No. R3-2008-0063  
2. Waiver of Hearing Form  
3. Proposed Hearing Procedures

**cc via electronic mail:**

Frances McChesney  
Senior Staff Counsel  
State Water Resources Control Board  
Office of Chief Counsel  
1001 I Street, 22<sup>nd</sup> Floor  
Sacramento, CA 95814

Christian Carrigan  
Senior Staff Counsel  
Office of Enforcement  
State Water Resources Control Board

Reed Sato  
Director, Office of Enforcement  
State Water Resources Control Board

**cc via mail:**

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Office of Assembly Member Pedro Nava  
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Santa Barbara, CA 93101

Mr. Robert Wise  
U.S. Environmental Protection Agency,  
Region 9  
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San Francisco, CA, 94105



Mr. John Holland  
Department of Fish and Game  
Office of Spill Prevention & Response  
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Sacramento, CA 94244

Mr. Ed Brannon  
Department of Conservation,  
Division of Oil & Gas & Geothermal  
Resources, District 3  
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Ms. Kate Sulka  
County of Santa Barbara Fire Department  
Protection Services Division, Hazardous  
Materials Unit  
195 West Highway 246, #102  
Buellton, CA 93427

Mr. Mike Zimmer  
Santa Barbara County Planning and  
Development, Petroleum Office  
123 East Anapamu Street  
Santa Barbara, CA 93101

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**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD  
CENTRAL COAST REGION**

**In the matter of:**

**Greka Oil & Gas, Inc.**

**6527 Dominion Road**

**Santa Maria, CA**

**Complaint No. R3-2008-0063**

**Administrative Civil Liability**

**For**

**Violations of**

**Cleanup and Abatement Order  
No. R3-2006-0054 and  
California Water Code Section 13304**

**GREKA OIL & GAS, INC., IS HEREBY GIVEN NOTICE:**

Greka Oil & Gas, Inc. (Discharger), is alleged to have violated provisions of law and Orders of the Regional Water Quality Control Board, Central Coast Region (Central Coast Water Board), for which the Water Board may impose civil liability pursuant to Section 13350 of the California Water Code.

Unless the Discharger waives its right to a hearing, the Central Coast Water Board will hold a public hearing on this matter within 90 days of the Discharger's receipt of this Administrative Civil Liability Complaint (Complaint). The Discharger and/or the Discharger's representative(s) will have the opportunity to be heard, and to contest the allegations in this Complaint and the imposition of civil liability by the Central Coast Water Board. A public hearing is tentatively scheduled for October 16-17, 2008, in Santa Barbara.

Staff will mail the Discharger an agenda not less than ten days before the hearing date. At the hearing, the Central Coast Water Board will consider whether to affirm, reject, decrease, or increase the proposed administrative civil liability, whether to refer the matter to the State Attorney General to recover civil liability judicially, or whether to take any other appropriate action as a result of the hearing.

**ALLEGATIONS**

1. The Discharger owns and operates oil production facilities in the Casmalia, Cat Canyon, Santa Maria Valley, and Zaca Oilfields located in Santa

Barbara County. These facilities include oil wells, pipelines, and separation and storage facilities.

2. On December 20, 2006, the Central Coast Water Board Executive Officer issued *Cleanup and Abatement Order No. R3-2006-0054 to Greka Oil & Gas, Inc., for the Casmalia, Cat Canyon, Santa Maria Valley, and Zaca Oilfields in Santa Barbara County* (CAO No. R3-2006-0054). The Executive Officer issued the CAO in response to the Discharger's improper storage of soils impacted by the Discharger's spills of crude oil or kerosene-diesel diluent. Thirty-seven piles of petroleum-impacted soils include some that are stored without adequate containment, allowing materials contaminated with crude oil and/or kerosene-diesel diluent to erode and wash into surface waters of the state. Some of these petroleum-impacted soils are also stored in piles without liners, which allows toxic chemical compounds to infiltrate underlying soils and potentially migrate to groundwater.
3. Discharges of petroleum-impacted soil to land for storage, treatment, or disposal are discharges of waste as defined by the California Water Code.
4. The groundwater underlying the 37 waste pile sites has beneficial uses including domestic and municipal supply, agricultural supply, and industrial supply (Chapter 2, Section I of the *Central Coast Water Board's Water Quality Control Plan* [Basin Plan]). In addition to other standards, State Water Resources Control Board Resolution No. 68-16 (Antidegradation Policy) and State Water Resources Control Board Resolution No. 92-49 (*Policies and Procedures for Investigation and Cleanup and Abatement of Discharges under Water Code Section 13304*) apply to underlying groundwater.
5. Surface waters in the vicinity of the waste pile sites include Schumann Canyon Creek, Bradley Canyon Creek, the Santa Maria River, Zaca Creek, and numerous unnamed surface waters. Beneficial uses of these surface waters include municipal and domestic water supply, recreation, and aquatic life (Table 2-1 of the Basin Plan).
6. This Complaint alleges that the Discharger violated the requirements of CAO No. R3-2006-0054 by failing to:
  - a. Remove wastes, including hazardous wastes, from its leases in the Casmalia, Cat Canyon, Santa Maria Valley, and Zaca Oilfields by transporting these wastes under manifest to an authorized waste disposal facility;
  - b. Move waste potentially eligible for beneficial reuse to authorized management facilities within 30 days of the Central Coast Water Board Executive Officer's approval of the Discharger's application;

- c. Complete all necessary laboratory analyses required to determine whether petroleum-impacted soil in waste piles is eligible for beneficial reuse, and to submit new revised applications for beneficial reuse, or remove these wastes from the site for lawful disposal; and,
  - d. Submit a workplan by the required date to assess the potential impacts to underlying soil and groundwater at the location of each removed soil pile.
- 7. On April 8, 2008, Central Coast Water Board staff mailed a Notice of Violation to the Discharger describing the violations alleged in this complaint, the associated maximum liabilities, and the Water Board's authority to impose monetary liability.
- 8. The following allegations involve extended compliance dates that Central Coast Water Board staff informally agreed upon at the Discharger's representative's request, based on their promise to comply with the dates. The Discharger failed to comply with all of the extended dates. For the purposes of enforcement, staff is not obligated to adhere to the extended dates because the Discharger failed to comply with them. Therefore, as stated in the Notice of Violation dated April 8, 2008, the days of violation are calculated using the formal due dates from CAO No. R3-2006-0054.
- 9. *VIOLATION COUNT 1: FAILURE TO LAWFULLY DISPOSE OF HAZARDOUS WASTE PILES.* CAO No. R3-2006-0054 required the Discharger to remove all petroleum-impacted soil from its leases in the Casmalia, Cat Canyon, Santa Maria Valley, and Zaca Oilfields by lawfully transporting it under manifest to an authorized waste disposal facility no later than January 31, 2007. This requirement applied to all waste that Central Coast Water Board staff did not approve for beneficial reuse.

On January 11, 2007, Central Coast Water Board staff met with the Discharger's personnel and at their request agreed to allow the Discharger to provide a disposal schedule by April 30, 2007. The Discharger did not submit the schedule, nor did it dispose of the waste.

On October 11, 2007, Central Coast Water Board staff again met with the Discharger's personnel, who agreed to submit a disposal schedule for two waste piles by October 26, 2007. Laboratory testing has confirmed that these piles contain hazardous wastes. The Discharger submitted a schedule via electronic mail, which indicated the Discharger would dispose of the two waste piles on or around January 1, 2008, with progress updates every two weeks. The Discharger did not dispose of the waste, or provide progress updates.

The Discharger failed to dispose of the waste by the due date in CAO No. R3-2006-0054, or by the later dates it orally agreed upon, thereby violating Water Code Section 13304. As of July 21, 2008, the Discharger has violated the Order's disposal date deadline for 537 days.

10. *VIOLETION COUNT 2: FAILURE TO MOVE WASTE PILES TO AUTHORIZED ON-SITE MANAGEMENT FACILITIES.* CAO No. R3-2006-0054 required the Discharger to submit an application for the operation of waste pile management facilities by December 30, 2006, and to move waste piles potentially eligible for beneficial reuse to the authorized facilities within 30 days of the Executive Officer's approval of the application.

On January 11, 2007, Central Coast Water Board staff met with the Discharger's personnel and at their request agreed to extend the application deadline to February 28, 2007. The Discharger submitted the application on February 28, 2007, and the Central Coast Water Board approved it on April 13, 2007, thereby establishing May 13, 2007, as the 30-day due date to move materials to the management facilities.

The Discharger failed to move waste to approved management facilities, thereby violating Water Code Section 13304. As of July 21, 2008, the Discharger violated the Order's waste pile transfer requirements for 435 days.

11. *VIOLETION COUNT 3: FAILURE TO ANALYZE WASTE PILES TO DETERMINE HAZARDOUSNESS OR REUSABILITY.* For the Discharger's waste with potential for reuse, CAO No. R3-2006-0054 required the Discharger to complete all analyses necessary to determine whether petroleum-impacted soil in its waste piles is eligible for beneficial reuse. The Order further requires the Discharger to submit new, revised applications for beneficial reuse and/or remove its waste from the site by February 28, 2007. The Discharger did not completely analyze all of the waste, nor did it remove the waste that was not characterized.

The Discharger failed to either completely analyze all potentially reusable wastes, or appropriately dispose of them, by February 28, 2007, thereby violating Water Code Section 13304. As of July 21, 2008, the Discharger violated the Order's waste analysis and/or disposal requirements for 509 days.

12. *VIOLETION COUNT 4: FAILURE TO SUBMIT WORKPLAN TO ASSESS IMPACTS TO UNDERLYING SOILS.* CAO No. R3-2006-0054 required the Discharger to submit a workplan to assess the potential impacts to underlying soil at the location of each removed waste pile by January 31, 2007.

On January 11, 2007, Central Coast Water Board staff met with the Discharger's representatives and at their request agreed to extend this deadline to March 30, 2007. The Discharger failed to comply with the extended deadline. On September 24, 2007, the Discharger submitted the draft workplan.

The Discharger failed to comply with the underlying soil assessment workplan requirements, thereby violating Water Code Section 13304. The Discharger violated the Order's workplan submittal requirements for 236 days.

13. Violations of cleanup and abatement order requirements made pursuant to California Water Code Section 13304 subject the Discharger to liability under California Water Code Section 13350.
14. Water Code Section 13350 states that any person who violates any cleanup and abatement order shall be liable civilly for up to \$5,000 for each day in which the violation occurs.
15. Water Code Section 13350 also states that where a discharge occurs and a cleanup and abatement order is in place, the civil liability shall not be less than \$500 for each day the discharge occurs and each day the cleanup and abatement order is violated.
16. Discharges of petroleum-impacted soil to land for storage, treatment, or disposal, such as the waste piles subject to the requirements of CAO No. R3-2006-0054, are discharges of waste as defined by the California Water Code.
17. The above allegations indicate the Discharger violated Water Code Section 13304 for 1,717 days as of July 21, 2008, and is therefore subject to a minimum liability of at least \$858,500, and a maximum civil liability of at least \$8,585,000 pursuant to Water Code Section 13350. For each day of violation after July 21, 2008, the minimum liability increases by \$500, and the maximum liability increases by \$5,000.

#### **PROPOSED CIVIL LIABILITY**

In determining any liability to be imposed, California Water Code Section 13327 requires the Central Coast Water Board to consider the following factors and any other factors as justice may require:

- a. **Nature, circumstances, extent, and gravity of the violations:** The Discharger violated CAO No. R3-2006-0054 by failing to dispose of petroleum-impacted waste piles, including hazardous waste, failing to move other waste piles to authorized on-site management facilities, failing to



completely analyze those waste piles to determine hazardousness or reusability, and failing to submit a workplan to assess impacts to soil underlying the waste piles by the required date.

The Discharger's operation of oil production facilities resulted in waste discharges of petroleum-impacted soils at multiple locations in Santa Barbara County. These soils include materials from oil well sumps, and soil impacted by releases of crude oil or kerosene-diesel diluent. The Discharger placed these soils into improperly constructed waste piles, including piles without berms that allowed impacted material to erode and wash into surface waters, and piles with no liners that allow chemical compounds to infiltrate underlying soil and potentially migrate to groundwater. The Central Coast Water Board Executive Officer issued CAO No. R3-2006-0054 to require the Discharger to clean up the waste discharges and assess related impacts. The Discharger's failure to complete the required actions has extended the duration of the waste discharges by well over a year, thereby delaying the removal of materials that threaten water quality, and any further remediation required. The above allegations further describe the nature of the violations.

At meetings with the Discharger on January 11, 2007, and October 11, 2007, Central Coast Water Board staff orally agreed at the Discharger's request to extend due dates for various CAO requirements. As shown in the above allegations, the Discharger failed to honor the extended dates it requested.

The Discharger's violation of CAO No. R3-2006-0054 affects 37 waste piles at 14 oil production leases spread throughout four oilfields in Santa Barbara County. Some of the waste piles are known to be hazardous waste, and are therefore eligible only for disposal at an authorized facility. The Discharger's failure to take action to remove these piles unnecessarily leaves them in place, continuing their exposure and capacity to pollute waters of the state.

Similarly, other waste piles have not been analyzed completely enough to know whether they are also hazardous, or whether they are eligible for beneficial reuse. The Discharger's failure to completely analyze all waste piles has delayed their characterization, disposal, or reuse.

This consideration weighs heavily in favor of imposing the maximum liability because the Discharger's failure to take the corrective actions required in CAO No. R3-2006-0054 has substantially increased the duration of the unauthorized waste discharges that prompted the cleanup requirements set forth in the CAO in the first place.

- b. **Discharge susceptibility to cleanup or abatement:** This Complaint recommends enforcement action for the Discharger's violation of a cleanup and abatement order. The waste discharges addressed in CAO No. R3-2006-0054 are susceptible to cleanup and abatement.

This consideration weighs heavily in favor of imposing the maximum liability because the Discharger's failure to comply with an existing cleanup and abatement order has prevented the cleanup and abatement of waste discharges that threaten groundwater and surface water quality, and that create or threaten to create conditions of pollution or nuisance.

- c. **Discharge toxicity:** The waste piles are composed of petroleum-impacted soils, which contain various toxic chemicals. Laboratory analytical tests on some of the waste piles confirm the presence of hazardous and/or toxic chemicals, including Total Petroleum Hydrocarbons (TPH). The Discharger has failed to completely analyze all of the waste piles.

This consideration weighs heavily in favor of imposing the maximum liability because the Discharger's failure to comply with the cleanup and abatement requirements extends the threat to waters of the state from toxic compounds.

- d. **Discharger's Ability to Pay the Liability, and the Effect on the Discharger's Ability to Continue Business:** The Discharger has the apparent ability to pay because it owns and operates a private oil and gas production corporation that operates multiple facilities throughout Santa Barbara County, including an asphalt production facility. The owner, Randeep S. Grewal, is also a corporate officer for other international oil and gas companies. To date, the Discharger has provided no information that would indicate that the recommended penalty would have any effect on its ability to continue in business.

This consideration does not warrant less than the maximum liability.

- e. **Violation history:** CAO No. R3-2006-0054 addresses the Discharger's extensive history of stockpiling waste piles of petroleum-impacted soil. This complaint further addresses that violation history by recommending civil liability for the Discharger's failure to comply with the CAO.

The Discharger also has a significant history of spilling oil and related substances to surface waters, which staff is addressing in a separate action and in coordination with other local, state, and federal agencies.

This consideration weighs heavily in favor of imposing the maximum liability because the Discharger's failure to comply with the CAO has allowed the continuation of violations that prompted its issuance by the Central Coast Water Board Executive Officer.

- f. **Voluntary cleanup efforts:** This consideration does not apply because the Discharger is already required to clean up the waste piles.

This consideration does not warrant less than the maximum liability.

- g. **Degree of culpability:** As the owner of the regulated facility, the Discharger is responsible for compliance, and has the highest degree of culpability. The Discharger received CAO No. R3-2006-0054 and was therefore aware of the cleanup requirements. Even after Central Coast Water Board staff informally agreed to the Discharger's request to extend the CAO's deadlines, the owner still failed to meet them.

This consideration weighs heavily in favor of imposing the maximum liability.

- h. **Economic benefit or savings:** During the period of violation addressed by this complaint, the Discharger realized economic benefit or savings by failing to expend resources to remove hazardous waste piles, failing to construct waste pile management facilities and move appropriate piles to those facilities, and failing to completely analyze all the waste piles. However, the Discharger is still required to conduct all tasks related to complying with the requirements of CAO No. R3-2006-0054. Staff therefore presumes the Discharger has realized economic benefit only by delaying expenditures to comply with the CAO.

Given the above consideration, it is reasonable to conclude that staff's recommended civil liability recovers the Discharger's economic benefit derived from the alleged violations.

- i. **Other matters as justice may require:** Central Coast Water Board staff spent time preparing and reviewing documents related to this enforcement action. Estimated staff costs (including Central Coast Water Board technical staff, administrative staff, supervisors, and legal counsel) are eighteen thousand, two-hundred and fifty dollars (\$18,250).

$$\$125/\text{hour} \times 146 \text{ hours} = \$18,250$$

## RECOMMENDATION

The following table summarizes the maximum liability for each allegation.

Allegation No.	Daily Violations	Max. Liability per Daily Violation	Max. Liability
9	537	\$5,000	\$2,685,000
10	435	\$5,000	\$2,175,000
11	509	\$5,000	\$2,545,000
12	236	\$5,000	\$1,180,000
<b>Total Maximum Liability</b>			<b>\$8,585,000</b>

**Maximum Liability** – Pursuant to California Water Code Section 13350, the Central Coast Water Board can impose civil liability for up to five thousand dollars (\$5,000) per day for each violation of Water Code Section 13304. Based on the allegations above, 1,717 violations are subject to the maximum civil liability of \$5,000 per day per violation through July 21, 2008. Based on that date, the maximum liability the Central Coast Water Board may impose on the Discharger is therefore **eight million, five hundred and eighty-five thousand dollars (\$8,585,000)**. For each day of violation after July 21, 2008, the maximum liability increases by \$5,000.

**Minimum Liability** – California Water Code Section 13327, in establishing the factors for consideration in determining civil liability for violations of Water Code Section 13304, does not specify a minimum liability.

Water Code Section 13350, however, states that where a discharge occurs and a cleanup and abatement order is in place, the civil liability shall not be less than \$500 for each day the discharge occurs and each day the cleanup and abatement order is violated. Therefore, the minimum liability that the Central Coast Water Board may impose is **eight hundred and fifty-eight thousand, and five hundred dollars (\$858,500)**, or \$500 multiplied by 1,717 days of violation, through July 21, 2008. For each day of violation after July 21, 2008, the minimum liability increases by \$500.

**Recommended Liability** – Upon consideration of factors as required by California Water Code Section 13327, the Assistant Executive Officer recommends civil liability in the amount of **eight million, five hundred and eighty-five thousand dollars (\$8,585,000)** for the Discharger's violations of CAO No. R3-2006-0054 and California Water Code Section 13304, with an increase to that amount of \$5,000 for each day of violation after July 21, 2008.



Michael J. Thomas  
Assistant Executive Officer

07-21-08

Date

## WAIVER OF HEARING

By signing below, I hereby affirm and acknowledge the following:

1. I am duly authorized to represent the Greka Oil & Gas, Inc. (hereinafter "Discharger") in connection with Administrative Civil Liability Complaint No. R3-2008-0063 (hereinafter "Complaint");
2. I am informed of the right provided by Water Code Section 13323, Subdivision (b), to a hearing within ninety (90) days of issuance of the Complaint;
3. I hereby waive the Discharger's right to a hearing before the California Regional Water Quality Control Board, Central Coast Region, within ninety (90) days of issuance of the date of issuance of the Complaint;
4. I certify that the Discharger will remit payment for the civil liability imposed in the amount of eight million, five hundred and eighty-five thousand dollars (\$8,585,000) by check, which contains a reference to "ACL Complaint No. R3-2008-0063 and is made payable to the "State Waste Discharge Permit Fund";
5. I understand that payment of the above amount constitutes settlement of violations alleged in the Complaint that will not become effective until after a public comment period;
6. I understand that the Executive Officer has complete discretion to modify or terminate this settlement; and
7. I understand that payment of the above amount is not a substitute for compliance with applicable laws and that continuing violations of the type alleged in the Complaint may subject the Discharger to further enforcement, including additional civil liability.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Check Number

**PROPOSED DRAFT**

**NOTICE OF PUBLIC HEARING  
TO CONSIDER ADMINISTRATIVE CIVIL LIABILITY COMPLAINT**

**NO. R3-2008-0063  
ISSUED TO**

**Greka Oil & Gas, Inc.**

**NOTICE IS HEREBY GIVEN THAT A HEARING WILL BE HELD  
BEFORE THE REGIONAL WATER QUALITY CONTROL BOARD,  
CENTRAL COAST REGION, ON OCTOBER 16-17, 2008**

**Background**

The Assistant Executive Officer of the Regional Water Quality Control Board, Central Coast Region (Central Coast Water Board) has issued an Administrative Civil Liability (ACL) Complaint pursuant to California Water Code Section 13350 (CWC) against Greka Oil & Gas, Inc. (Discharger) alleging that it has violated CWC Section 13350(a)(1) by failing to comply with provisions of Central Coast Water Board Cleanup and Abatement Order No. R3-2006-0054. The Complaint proposes that administrative civil liability in the amount of \$8,585,000 be imposed as authorized by CWC Section 13350(e)(1). Unless the Discharger waives its right to a hearing and pays the proposed liability, a hearing will be held before the Central Coast Water Board during its meeting of October 16-17, 2008, in Santa Barbara.

**Purpose of Hearing**

The purpose of the hearing is to receive relevant evidence and testimony regarding the proposed ACL Complaint. At the hearing, the Central Coast Water Board will consider whether to adopt, modify, or reject the proposed assessment, or whether to refer the matter to the Attorney General's Office to seek recovery of judicial civil liability. If it adopts an assessment, the Central Coast Water Board will issue an Administrative Civil Liability Order.

The public hearing on October 16-17, 2008, will commence as announced in our Central Coast Water Board meeting agenda. The meeting will be held at the Santa Barbara County Supervisors Board Hearing Room, 105 East Anapamu St. - 4th Floor, in Santa Barbara. An agenda for the meeting will be issued at least ten days before the meeting and will be posted on the Central Coast Water Board's web page at:

[www.waterboards.ca.gov/centralcoast](http://www.waterboards.ca.gov/centralcoast).

## **Hearing Procedures**

A copy of the procedures governing an adjudicatory hearing before the Central Coast Water Board may be found at Title 23 of the California Code of Regulations, § 648 et seq., and is available at <http://www.waterboards.ca.gov> or upon request. Except as provided in Title 23 of the California Code of Regulations (CCR), § 648(b), Chapter 5 of the Administrative Procedures Act (commencing with § 11500 of the Government Code) does not apply to adjudicatory hearings before the Central Coast Water Board. This Notice provides additional requirements and deadlines related to the proceeding. THIS NOTICE MAY BE AMENDED BY THE ADVISORY STAFF AS NECESSARY. FAILURE TO COMPLY WITH THE DEADLINES AND REQUIREMENTS CONTAINED HEREIN MAY RESULT IN THE EXCLUSION OF DOCUMENTS AND/OR TESTIMONY.

## **Hearing Participation**

Participants in this proceeding are designated as either “parties” or “interested persons.” Designated parties to the hearing may present evidence and cross-examine witnesses and are subject to cross-examination. Interested persons may present non-evidentiary policy statements, but may not cross-examine witnesses and are not subject to cross-examination. Both designated parties and interested persons may be asked to respond to clarifying questions from the Central Coast Water Board, staff or others, at the discretion of the Water Board.

The following participants are hereby designated as parties in this proceeding:

- (1) Central Coast Water Board Prosecution Staff
- (2) Greka Oil & Gas, Inc.

## **Contacts**

### **Advisory Staff:**

Frances McChesney, Esq.  
Senior Staff Counsel  
State Water Resources Control Board  
Office of Chief Counsel  
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Sacramento, CA 95812

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Executive Officer  
Regional Water Quality Control Board, Central Coast Region  
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San Luis Obispo, CA 93401

**Prosecution Staff:**

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Senior Staff Counsel  
State Water Resources Control Board  
Office of Enforcement  
P.O. Box 100  
Sacramento, CA 95812

Michael Thomas  
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Regional Water Quality Control Board, Central Coast Region  
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Harvey Packard  
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Regional Water Quality Control Board, Central Coast Region  
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Sheila Soderberg  
Site Cleanup/DoD Unit Supervisor  
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John Robertson  
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895 Aerovista Place, Suite 101  
San Luis Obispo, CA 93401

**Discharger:**

Ms. Susan Whalen  
Greka Oil & Gas, Inc.  
6527 Dominion Road  
Santa Maria, California 93454

Mr. Randeep Grewal  
Greka Energy  
630 Fifth Avenue, Suite 1501  
New York, NY 10111

**Separation of Functions**

To help ensure the fairness and impartiality of this proceeding, the functions of those who will act in a prosecutorial role by presenting evidence for consideration by the Central Coast Water Board (Prosecution Staff) have been separated from those who will provide advice to the Water Board (Advisory Staff). Members of the Advisory Staff are: Frances McChesney, Senior Staff Counsel, and Roger Briggs, Executive Officer. Members of the Prosecution Staff are: Christian Carrigan, Senior Staff Counsel, Michael Thomas, Assistant Executive Officer, Todd Stanley, Enforcement Unit, Harvey Packard, Pollution Prevention Section Manager, Rich Chandler, UGT/Cleanup Unit, Chris Adair, UGT/Cleanup Unit Supervisor, Sheila Soderberg, Site Cleanup/DoD Unit Supervisor, and John Robertson, Groundwater Protection Section Manager. This Notice has been issued by the Advisory Staff based on a draft proposed by the Prosecution Staff.

**Ex Parte Communications**

The designated parties and interested persons are forbidden from engaging in *ex parte* communications regarding this matter with members of the Advisory Staff or members of the Central Coast Water Board. An *ex parte* contact is any written or verbal communication pertaining to the investigation, preparation or prosecution of the ACL Complaint between a member of a designated party or interested party on the one hand, and a Central Coast Water Board member or an Advisory Staff member on the other hand, unless the communication is copied to all other designated and interested parties or made at a proceeding open to all other parties and interested persons (if verbal). Communications regarding non-controversial procedural matters are not *ex parte* contacts and are not restricted.

Communications among the designated and interested parties themselves are not ex parte contacts.

### **Requesting Designated Party Status**

Persons who wish to participate in the hearing as a designated party, and not already listed above, shall request party status by submitting a request in writing (with copies to the designated parties) no later than 5 p.m. on **August 18, 2008**, to Frances McChesney, Senior Staff Counsel, State Water Resources Control Board, P.O. Box 100, Sacramento, CA, 95812. The request shall include an explanation of the basis for status as a designated party (e.g., how the issues to be addressed in the hearing and the potential actions by the Central Coast Water Board affect the person) and a statement explaining why the party or parties designated above do not adequately represent the person's interest. Any opposition to the request must be submitted by 5 p.m. on **August 25, 2008**. The parties will be notified by 5 p.m. on **September 2, 2008**, as to whether the request has been granted or denied.

### **Hearing Time limits**

To ensure that all participants have an opportunity to participate in the hearing, the following time limits shall apply: each designated party shall have 30 minutes to testify, present evidence, and cross-examine witnesses, and each interested person shall have 3 minutes to present a non-evidentiary policy statement. Participants with similar interests or comments are requested to make joint presentations, and participants are requested to avoid redundant comments. Additional time may be provided at the discretion of the hearing officer upon a showing that additional time is necessary.

### **Written Evidence, Exhibits and Policy Statements**

Designated parties shall submit in writing 18 copies of the following information to Frances McChesney, Senior Staff Counsel, State Water Resources Control Board, P.O. Box 100, Sacramento, CA, 95812 no later than 5 p.m. on **September 26, 2008**.

1. All documentary evidence and exhibits proposed to be offered at the hearing.
2. All legal and technical arguments or analysis.

In addition to the foregoing, each designated party shall send (1) one copy of the above written materials to each of the other designated parties at the address or addresses provided above by 5 p.m. on **September 26, 2008**.

Interested persons may submit one (1) copy of non-evidentiary policy statements by the close of the hearing.

### **Evidentiary Objections**

A designated party objecting to evidence proposed by another party must submit a written objection by 5 p.m. on **October 3, 2008**, to Frances McChesney, Senior Staff Counsel, State Water Resources Control Board, P.O. Box 100, Sacramento, CA, 95812, with a copy to all other designated parties. The Advisory Staff will notify the parties about further action to be taken on such objections.

### **Questions**

Questions concerning this proceeding may be addressed to Frances McChesney, Senior Staff Counsel, State Water Resources Control Board, P.O. Box 100, Sacramento, CA, 95812.

### **IMPORTANT DEADLINES**

July 21, 2008	ACL Complaint issued to Discharger by Prosecution Team; Prosecution Team Sends draft Hearing Notice to Discharger and Advisory Team.
August 4, 2008	Comments due on draft Hearing Notice
August 11, 2008	Advisory Team issues final Hearing Notice
August 18, 2008	Deadline for submission of request for designated party status.
August 25, 2008	Deadline for opposition to request for designated party status.
September 2, 2008	Decision issued on request for designated party status, if any.
September 26, 2008	Deadline for submission of evidence and legal argument.
October 3, 2008	Deadline for submission of evidentiary objections.
October 10, 2008	Rulings on evidentiary objections, if any.

October 16-17, 2008

Hearing Date

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Roger Briggs  
Executive Officer

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DATE

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